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SENSITIVE

SIPDIS

DEPT FOR EEB/TRA

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [ETRA](#) [MY](#)

SUBJECT: Malaysian Ministry of Transportation responds to UPS concerns about airport access

Sensitive but Unclassified - Not for Internet Distribution

¶1. (SBU) EEB/TRA DAS John Byerly met on October 14 with the Malaysian Deputy Secretary General of Transportation Long See Wool to raise the long-standing issue of UPS access to Subang Airport. Byerly told Long the USG wanted to see US carriers were given the opportunity to compete on equal footing with Transmile /DHL in serving the Malaysian express cargo market.

¶2. (SBU) Byerly pointed out that while Transmile no longer operates direct service to the U.S., DHL still enjoys competitive advantage via connections in Hong Kong to the US market, and in the Asian markets, and thus either UPS should be allowed to operate from Subang, or alternatively Transmile should be required to move to KLIA. (NOTE: Operating from Subang can save more than an hour of transit time during rush hour in Kuala Lumpur over operating from KLIA.)

¶3. (SBU) When Byerly mentioned that UPS still awaits a formal response to the request to move back to Subang, Long said that he did not realize that there was still an issue after Transmile had stopped service to the U.S. (NOTE: UPS has sent several letters to the Ministry of Transportation requesting a response to the application to operate from Subang.) Long also said that the "previous Minister probably did not realize the competitive implications to UPS" when Transmile was given the "temporary" rights to return to Subang until 2012, presumably because of its existing investment there.

¶4. (SBU) Long said that Transmile "had no chance to continue operating beyond 2012" from Subang, and that Transmile "might" leave Subang earlier than that. Long also said that GOM needs more space in Subang for military and other planned purposes (including maintenance, turboprop, and executive jet operations). He said that Transmile would meet with the Minister of Transportation probably in November, and that they would discuss its future plans to move to KLIA at that time.

RAPSON